

## Message Text

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ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02  
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02  
FEAE-00 OMB-01 XMB-02 OPIC-03 OIC-02 AF-10 ARA-06  
EA-07 EUR-12 NEA-10 /140 W

-----061622Z 084273 /43

P 061445Z JUN 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 7973

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USMTN

ACTION STR

H PASS CODEL

E.O. 11652: N/A

TAGS: ETRD; MTN

SUBJECT: INITIAL INPUT FOR QR MEETING WEEK OF JULY 4, 1977

REF: GENEVA 4270

1. SUMMARY: THE QR SUBGROUP IS AT A WATERSHED BETWEEN THE PREPARATORY PHASES AND POSSIBLE QR NEGOTIATIONS. AT THE UPCOMING MEETING, WE SHOULD CONTINUE TO ENCOURAGE OTHER PARTICIPANTS TO PURSUE BILATERAL CONSULTATIONS WHILE MAINTAINING PRESSURE FOR ADOPTION OF A MULTILATERAL APPROACH TO QR'S ALONG THE LINES OF THE US PROPOSAL. IN REGARD TO THE CONSULTATIONS, WE SHOULD AGREE TO A MEASURE OF TRANSPARENCY, BUT RESIST EFFORTS FOR GREATER INVOLVEMENT OF THE  
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GATT SECRETARIAT. OTHER ISSUES FOR THE MEETING INCLUDE THE LICENSING WORK PROGRAM AND WHETHER EXPORT RESTRICTIONS SHOULD BE COVERED BY THE DRAFT LICENSING TEXTS (REFTEL). END SUMMARY.

2. THE QR SUBGROUP IS AT A WATERSHED BETWEEN THE PREPARATORY AND

POSSIBLE NEGOTIATIONS ON QR'S.

TO DATE, THE SUBGROUP HAS NOT BEEN ABLE TO AGREE EITHER ON A MULTILATERAL (LDC'S, AUSTRALIA, AUSTRIA) OR BILATERAL (CANADA, EC, JAPAN) APPROACH TO NEGOTIATING QR'S. THE US IS IN A UNIQUE POSITION OF HAVING TABLED A PROPOSAL WHICH CONTAINS BOTH MULTILATERAL AND BILATERAL ELEMENTS. IT IS UNLIKELY, HOWEVER, THAT THE GROUP WILL ACCEPT THE US PROPOSAL AT THE UPCOMING MEETING. IF THIS PROVES TO BE THE CASE, WE SHOULD CONTINUE TO ENCOURAGE COUNTRIES TO UTILIZE EXISTING NOTIFICATION/CONSULTATION PROCEDURES UNTIL SUCH TIME AS AN OVERALL APPROACH IS ADOPTED.

3. AT THE PREVIOUS QR SUBGROUP MEETING, THE US DELEGATED INFORMED THE SUBGROUP THAT IT WOULD BE SUBMITTING REFINED QR NOTIFICATIONS AND HOLDING ADDITIONAL CONSULTATIONS UNDER THE EXISTING PROCEDURES OF THE SUBGROUP IS AN EFFORT TO LAY FURTHER GROUNDWORK FOR THE POSSIBILITY OF NEGOTIATIONS ON QR'S. US DELEGATED ALSO ENCOURAGED OTHER COUNTRIES TO TAKE ADVANTAGE OF THESE EXISTING PROCEDURES AND FOLLOW THE SAME COURSE OF ACTION. COUNTRIES DID NOT RAISE OBJECTIONS TO THIS US SUGGESTION SINCE IT WOULD NOT PREJUDICE ANY EVENTUAL NEGOTIATING SOLUTION ADOPTED BY THE SUBGROUP. US MTN DELEGATED BELIEVES THAT THIS IS STILL A USEFUL COURSE OF ACTION AND WE SHOULD ENCOURAGE COUNTRIES TO MAKE FURTHER REFINED QR NOTIFICATIONS AND TO HOLD ADDITIONAL BILATERAL CONSULTATIONS. IN PURSUING THIS BILATERAL APPROACH, WE SHOULD BE AMENABLE TO SOME DEGREE OF TRANSPARENCY OF SUCH LIMITED OFFICIAL USE

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PROCEEDINGS IN ORDER TO APPEASE THE DEVELOPING COUNTRIES. HOWEVER, AS WE MOVE CLOSER TO ACTUAL NEGOTIATIONS, WE SHOULD AVOID ADDITIONAL INVOLVEMENT OF THE GATT SECRETARIAT.

4. THE US SHOULD CONTINUE TO MAINTAIN PRESSURE FOR THE EVENTUAL ACCEPTANCE OF SOME TYPE OF MULTILATERAL APPROACH TO QR'S. ALTHOUGH THE POSSIBILITY FOR ACCEPTANCE OF SUCH APPROACH AT THIS STAGE IS PROBLEMATIC, SUCH A PROPOSAL COULD BE USED TO OUR ADVANTAGE AT A LATER STAGE OF THE NEGOTIATIONS. WE SHOULD BE WILLING TO SUPPORT OTHER PROPOSALS WHICH ARE ALONG THE LINES OF THE US MULTILATERAL SUGGESTION. FOR EXAMPLE, THE AUSTRALIAN DELEGATED INDICATED AT THE PREVIOUS MEETING THAT IT WOULD TABLE A PROPOSAL FOR PHASING OUT OF QR'S ON A "PROGRAMMED" BASIS. ALTHOUGH THE AUSTRALIAN DELEGATED IN GENEVA HAS NOT YET RECEIVED FINAL INSTRUCTIONS TO TABLE SUCH A PROPOSAL FROM CANBERRA, HE INDICATED THAT THEIR PROPOSAL IS SIMILAR TO THAT OF THE US, I.E. PHASING OUT OF QR'S, EXCEPTIONS

FOR QR'S UNABLE TO BE REMOVED, REMAINING QR'S TO BE  
SUBJECT TO GATT DISCIPLINE INCLUDING REPORTING PROCE-  
DURES AND CONSULTATIONS.

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ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02  
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ACTION STR

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5. LICENSING: THE GATT SECRETARIAT HAS COMPLETED AN  
INITIAL DRAFT FOR A TEXT ON LICENSING TO ADMINISTER  
IMPORT RESTRICTIONS (BEING HAND CARRIED BY NEWKIRK  
TO WASHINGTON). US MTN DEL INITIAL REACTION IS THAT  
THE DRAFT IS AN ADEQUATE BASIS FOR FUTURE DISCUSSION  
AND COULD BE USEFUL TO CARRY OUR WORK FORWARD. WE SHOULD  
BE PREPARED IN JULY MEETING TO FOLLOW UP ANY DISCUSSION  
OF AUTOMATIC LICENSING IN GROUP SAFEGUARDS (PREVIOUS  
WEEK) TO KEEP PRESSURE ON OTHER DELS, ESPECIALLY EC.  
GUIDANCE FOR QR MEETING SHOULD TAKE INTO ACCOUNT OBJEC-  
TIVES AND SPECIFIC INSTRUCTIONS ON THIS ITEM FOR SAFE-  
GUARDS MEETING.

6. EXPORT RESTRICTIONS: AT THE MAY 1977 TECHNICAL MEET-  
ING ON LICENSING, THE SWISS DELEGATE TABLED A PROPOSAL  
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TO INCLUDE EXPORT LICENSING IN THE DRAFT TTEXT ON IMPORT LICENSING (MTN/NTM/W/73/REV.1/ADD.1). THIS PROPOSAL MET WITH SERIOUS RESERVATION AS REPORTED REFTEL, AND IT WAS AGREED THAT THE SUBJECT BE REFERRED TO THE QR SUBGROUP. THE US SHOULD MAKE ITS TRADITIONAL STATEMENT ON THIS SUBJECT, I.E. THAT EXPORT RESTRICTIONS ARE WITHIN THE COMPETENCE OF THE QR SUBGROUP, AND SHOULD SUPPORT ANY SWISS ARGUMENTATION BASED ON COVERAGE OF CURRENT GATT PROVISIONS (E.G., ARTICLE VIII UNEQUIVOCALLY COVERS BOTH IMPORT AND EXPORT LICENSES) IN ORDER TO CHIP AWAY AT CANADIAN DOCTRINE THAT GATT MEANINGLESS ON EXPORT RESTRICTIONS. HOWEVER, WITH RESPECT TO SPECIFIC SWISS PROPOSAL, US MTN DEL IS INCLINED TO THINK THAT INCORPORATION OF EXPORT LICENSES IN THE PRESENT DRAFT TEXT ON IMPORT LICENSING IS INAPPROPRIATE FOR SOME OF THE PROVISIONS AND WOULD CREATE NEW CONFUSION IN THE SUBGROUP'S WORK. IF, IAT SOME LATER STAGE, WASHINGTON AGENCIES BELIEVE THAT A SPECIFIC TEXT ON EXPORT LICENSING IS DESIRABLE, IT COULD BE HANDLED WITHIN THE CONTEXT OF ANY BROADER DISCUSSION ON EXPORT RESTRICTIONS.

7. CHECKLIST PROPOSAL: THE INDIAN DEL WILL MAKE A PROPOSAL FOR THE GATT SECRETARIAT TO DRAW UP A CHECKLIST OF ISSUES AND POSITIONS PRESENTED IN THE QR SUBGROUP. ALTHOUGH US MTN DEL DOUBTS THE UTILITY OF SUCH A DOCUMENT, SINCE THIS EXERCISE HAS BEEN PERFORMED IN OTHER NTM SUBGROUPS AND IS OF SOME USEFULNESS TO DEVELOPING COUNTRIES, WE SHOULD GO ALONG WITH THIS PROPOSAL. CULBERT

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